

**MINUTES OF THE  
CHARTER SCHOOL FUNDING TASK FORCE**

Thursday, October 29, 2015 – 1:00 p.m. – Room 445 State Capitol

**Members Present:**

Sen. Howard A. Stephenson, Senate Chair  
Rep. Steve Eliason, House Chair  
Sen. Jani Iwamoto  
Sen. Ann Millner  
Sen. Jerry W. Stevenson  
Rep. Joel K. Briscoe  
Rep. John Knotwell  
Rep. Bradley G. Last  
Mr. Dave Crandall  
Mr. Howard Headlee

Ms. Jennifer A. Johnson  
Mr. Jefferson Moss  
Mr. Brad Taylor  
Mr. Leon Wilcox

**Staff Present:**

Ms. Tiffany A. Stanley, Policy Analyst  
Ms. Allyson R. Goldstein, Policy Analyst  
Mr. Ben Leishman, Fiscal Analyst  
Ms. Victoria Ashby, Associate General Counsel  
Ms. Debra Hale, Legislative Assistant

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Task Force Business**

Chair Eliason called the meeting to order at 1:15 p.m.

**MOTION:** Ms. Johnson moved to approve the minutes of the August 27, 2015, meeting. The motion passed unanimously. Sen. Stevenson and Mr. Moss were absent for the vote.

**2. Revenue Sources Excluded from the Charter School Local Replacement Formula – State Guarantee Programs**

Sen. Aaron Osmond reviewed a visual presentation, "The Ongoing Need for Equalized Property Tax Funding," and explained that 2015 General Session S.B. 97, "Property Tax Equalization Amendments," added funding to the voted, board, and capital guarantee programs, which are programs intended to equalize funding between school districts. Sen. Osmond explained that, even with the additional funding provided through S.B. 97, all but four school districts still have higher per student property tax revenues than the amount charter schools receive per student through the local replacement formula. Sen. Osmond recommended continuing equalization efforts.

Mr. Leishman described school district average per pupil property tax revenues and responded to task force questions.

**3. Revenue Sources Excluded from the Charter School Local Replacement Formula – Local Property Tax Expenditure Categories**

Mr. Leishman continued the discussion from the previous task force meeting related to the exclusion of local revenue expended by school districts for specific uses, including recreation facilities, playgrounds, pupil transportation, and the K-3 Reading Improvement Program. He addressed handouts, "Discussion Brief: Charter School Local Replacement – Formula Considerations," and "Charter School Local Replacement – Rate Components & Funding by Source," and explained how including the excluded revenue sources in the local replacement formula would affect the local replacement value, as well as school districts' contributions.

Mr. John Larson, Business Administrator, Jordan School District, made the following comments related to each of the exclusions from the local replacement formula:

- **K-3 Reading Program:** School districts are required to provide matching funds for the K-3 Reading Program, whereas charter schools receive full funding for the program from the state.
- **Transportation:** The state does not fully fund transportation, so the local school boards are careful not to run empty buses.
- **Recreation:** While some charter schools provide recreation facilities, the facilities at district schools are generally more extensive.

Mr. Larson also said that property taxes are a tax on property, not on students.

Dr. Patti Harrington, Executive Director, Utah School Superintendents Association, made the following comments on exclusions from the local replacement formula:

- **K-3 Reading Program:** School districts are required to match the state allocation, whereas charter schools receive the full amount, including what they would be required to match, from the state.
- **Transportation:** If charter schools receive transportation funding, the task force should consider if, like school districts, they would be required to provide transportation.
- **Recreation:** About 50% of the recreation levy in every school district is used to pay for interlocal agreements, as well as coaches and drama teachers.

Ms. Natalie Grange, Director, School Finance, Utah State Office of Education, answered questions from the task force and reviewed a handout, "FY2016 Current Methodology – FY2016 Budget Calculation With Fixed Exclusions," which addressed the effects of standardizing the exclusions from the local replacement calculation on the local replacement formula and school district contributions.

Mr. Royce Van Tassell, Executive Director, Utah Association of Public Charter Schools, provided a brief history of the exclusions from the local replacement formula, and said that because state guarantee programs function like property taxes for districts, the local replacement formula should include revenue from these sources. Mr. Van Tassell reported that both charter schools and district schools serve as community centers. Therefore, he continued, it is worth exploring whether or not the recreation levy should be included in the charter school local replacement formula.

#### **4. Local Replacement Funding Formula (Draft Legislation)**

Ms. Ashby reviewed a working bill draft, "School Funding Amendments," that would amend the portion of charter school local replacement funded by the state.

Ms. Angie Stallings, Associate Superintendent for Policy and Communication, Utah State Office of Education, said that she interprets the draft bill to mean that the Utah State Board of Education would need to approve an increase in a charter school's permitted enrollment before January 1 of the year before the school year in which the increase would take place. She said that the board has been funding charter schools above their enrollment caps in their contracts with the State Charter School Board.

Sen. Stephenson addressed a handout "School District Payments," that showed each school district's contribution to charter school local replacement under different scenarios. He said that the proposed legislation would freeze the state's contribution to local replacement and, as charter school enrollment grows, the portion of local replacement funded by school districts would also grow. He said that the current method results in districts receiving property tax revenue for students that they do not serve.

## **5. Weighting of the Weighted Pupil Unit by Grade Level for Charter Schools**

Mr. Leishman addressed a handout, "Discussion Brief: Methods for determining enrollment—Mitigation strategies," which summarized the current methodology for determining enrollment for funding purposes and the impact of weighting the Weighted Pupil Unit by grade level for charter schools.

Ms. Grange addressed a handout and visual presentation, "Scenario – Move All Charters to Average Daily Membership (ADM) + Growth," which showed the effects of eliminating the statutory weighting for charter school WPUs and determining charter school enrollment using ADM plus growth.

## **6. Relationship between Charter School Enrollment Caps and the Method for Determining Charter School Enrollment**

Mr. Van Tassell said caps on charter school enrollment affect charter schools' ability to mitigate the impact of determining enrollment based on ADM plus growth instead of October 1 enrollment.

Ms. Grange and Ms. Stallings responded to questions from the task force.

Ms. Kim Frank, Utah Charter Network, said that there should not be caps on charter school enrollment if charter school enrollment is determined using ADM plus growth. She also said that a student who attends a charter school and a student who attends a district school should be funded equally.

## **7. Content of a Property Tax Notice (Draft Legislation)**

Rep. Eliason asked the task force to review draft legislation "Truth in Taxation – School Funding" (2016FL-0496/005) for discussion in the next task force meeting.

Ms. Ashby said that the Tax Commission recommended amending the draft bill to require that a local school board report the amount of revenue that is allocated for resident students to attend charter schools at a local school board annual public budget hearing instead of a truth in taxation hearing.

Rep. Eliason instructed Ms. Ashby to incorporate the Utah State Tax Commission's recommendation into the draft bill.

## **8. Other Items/Adjourn**

**MOTION:** Sen. Stephenson moved to open a task force bill file to appropriate one WPU for each charter school student. The motion passed with Rep. Eliason, Rep. Last, Mr. Crandall, and Ms. Johnson voting in opposition. Sen. Millner and Mr. Moss were absent for the vote.

**MOTION:** During the task force discussion related to Sen. Stephenson's motion, Mr. Headlee moved to call the question. The motion passed unanimously, with Sen. Millner and Mr. Moss absent for the vote.

**MOTION:** Ms. Johnson moved to adjourn the meeting. The motion passed unanimously. Sen. Millner and Mr. Moss were absent for the vote.

Chair Eliason adjourned the meeting at 4:28 p.m.